

**Senate File 297 - Introduced**

SENATE FILE 297  
BY COMMITTEE ON ECONOMIC  
GROWTH

(SUCCESSOR TO SSB 1025)

**A BILL FOR**

1 An Act relating to the administration of duties and programs by  
2 the economic development authority.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

CONTRACT ADMINISTRATION

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2  
3 Section 1. Section 15.106B, subsection 4, paragraph c, Code  
4 2013, is amended to read as follows:

5 c. (1) The authority shall not enter into a contract for  
6 services, including a contract executed pursuant to subsection  
7 2, paragraph "d", that exceeds two years in duration.

8 (2) Notwithstanding subparagraph (1), the authority may  
9 enter into a contract that exceeds two years for the operation  
10 of a federal EB-5 immigrant investor regional center.

11 Sec. 2. Section 15.329, subsection 2, Code 2013, is amended  
12 to read as follows:

13 2. a. If the authority finds that a business has a  
14 record of violations of the law, including but not limited to  
15 antitrust, environmental, and worker safety statutes, rules,  
16 and regulations, that over a period of time that tends to show  
17 a consistent pattern or that establishes intentional, criminal,  
18 or reckless conduct in violation of such laws, the business  
19 shall not qualify for economic development assistance under  
20 this part, unless except as provided in paragraph "b".

21 b. If the authority finds that the violations described  
22 in paragraph "a" did not seriously affect public health or,  
23 public safety, or the environment, or if it did, the authority  
24 finds that there were mitigating circumstances involved, the  
25 business may qualify for economic development assistance under  
26 this part, notwithstanding paragraph "a".

27 c. In making the findings and determinations regarding  
28 violations, mitigating circumstances, and whether the business  
29 is disqualified for economic development assistance under this  
30 part, the authority shall be exempt from chapter 17A.

31 Sec. 3. Section 15.330, unnumbered paragraph 1, Code 2013,  
32 is amended to read as follows:

33 A business shall enter into an agreement with the authority  
34 specifying the requirements that must be met to confirm  
35 eligibility pursuant to this part and the requirements that

1 must be maintained throughout the period of the agreement  
2 in order to retain the incentives or financial assistance  
3 received. The authority shall consult with the community  
4 during negotiations relating to the agreement. The agreement  
5 shall contain, at a minimum, the following provisions:

6 Sec. 4. Section 15.330, subsection 2, Code 2013, is amended  
7 to read as follows:

8 2. The repayment of incentives or financial assistance  
9 by the business if the business does not meet any of the  
10 requirements of this part or the resulting agreement. The  
11 repayment of incentives pursuant to this subsection shall be  
12 considered a tax payment due and payable to the department of  
13 revenue by any taxpayer who has claimed such incentives, and  
14 the failure to make such a repayment may be treated by the  
15 department of revenue in the same manner as a failure to pay  
16 the tax shown due or required to be shown due with the filing of  
17 a return or deposit form. In addition, the county shall have  
18 the authority to take action to recover the value of property  
19 taxes not collected as a result of the exemption provided to  
20 the business under this part.

21 DIVISION II

22 MICROENTERPRISES

23 Sec. 5. Section 15.102, subsections 5 and 9, Code 2013, are  
24 amended by striking the subsections.

25 Sec. 6. REPEAL. Section 15.240, Code 2013, is repealed.

26 DIVISION III

27 BROADBAND ACCESS GOVERNING BOARD

28 Sec. 7. 2009 Iowa Acts, chapter 173, section 13, subsection  
29 5, paragraphs b, c, and d, are amended by striking the  
30 paragraphs.

31 DIVISION IV

32 INDUSTRIAL PROPERTY TAX EXEMPTION APPROVALS

33 Sec. 8. Section 427B.1, subsection 1, Code 2013, is amended  
34 to read as follows:

35 1. A city council, or a county board of supervisors as

1 authorized by section 427B.2, may provide by ordinance for  
2 a partial exemption from property taxation of the actual  
3 value added to industrial real estate by the new construction  
4 of industrial real estate, research-service facilities,  
5 warehouses, distribution centers and the acquisition of or  
6 improvement to machinery and equipment assessed as real estate  
7 pursuant to section 427A.1, subsection 1, paragraph "e". "New  
8 construction" means new buildings and structures and includes  
9 new buildings and structures which are constructed as additions  
10 to existing buildings and structures. "New construction" does  
11 not include reconstruction of an existing building or structure  
12 which does not constitute complete replacement of an existing  
13 building or structure or refitting of an existing building or  
14 structure, unless the reconstruction of an existing building  
15 or structure is required due to economic obsolescence and the  
16 reconstruction is necessary to implement recognized industry  
17 standards for the manufacturing and processing of specific  
18 products and the reconstruction is required for the owner  
19 of the building or structure to continue to competitively  
20 manufacture or process those products which determination shall  
21 receive prior approval from the city council of the city or the  
22 board of supervisors of the county ~~upon the recommendation of~~  
23 ~~the economic development authority~~. The exemption shall also  
24 apply to new machinery and equipment assessed as real estate  
25 pursuant to section 427A.1, subsection 1, paragraph "e", unless  
26 the machinery or equipment is part of the normal replacement  
27 or operating process to maintain or expand the existing  
28 operational status. "Research-service facilities" means a  
29 building or group of buildings devoted primarily to research  
30 and development activities, including, but not limited to, the  
31 design and production or manufacture of prototype products for  
32 experimental use, and corporate-research services which do not  
33 have a primary purpose of providing on-site services to the  
34 public. "Warehouse" means a building or structure used as a  
35 public warehouse for the storage of goods pursuant to chapter

1 554, article 7, except that it does not mean a building or  
2 structure used primarily to store raw agricultural products  
3 or from which goods are sold at retail. "*Distribution center*"  
4 means a building or structure used primarily for the storage  
5 of goods which are intended for subsequent shipment to retail  
6 outlets. "*Distribution center*" does not mean a building or  
7 structure used primarily to store raw agricultural products,  
8 used primarily by a manufacturer to store goods to be used in  
9 the manufacturing process, used primarily for the storage of  
10 petroleum products, or used for the retail sale of goods.

11

EXPLANATION

12 This bill relates to the administration of duties and  
13 programs of the economic development authority.

14 Division I of the bill makes an exception to the two-year  
15 limitation on the length of a contract entered into by the  
16 authority for the operation of a federal EB-5 immigrant  
17 investor regional center.

18 Currently, a business is generally ineligible to receive  
19 economic development assistance under the high quality jobs  
20 program if the business has a record that tends to show  
21 a consistent pattern of violations of the law, including  
22 environmental and worker safety laws as well as violations  
23 of related rules and regulations. The division adds that  
24 a business is also ineligible for economic development  
25 assistance if the business engages in a pattern of antitrust  
26 violations or if a business's conduct in violating any laws,  
27 including environmental, worker safety, and antitrust laws is  
28 intentional, criminal, or reckless.

29 Current law requires that an agreement under the high  
30 quality jobs program for assistance or incentives entered into  
31 between the authority and a business include requirements for a  
32 business's eligibility for the incentives or assistance. The  
33 bill adds that the agreement must also include the requirements  
34 that a business receiving incentives or assistance must  
35 maintain throughout the period of the agreement. The authority

1 must ensure that a business only receives the incentives or  
2 assistance if the business meets the initial eligibility  
3 requirements and maintains the program requirements throughout  
4 the agreement period.

5 Current law also provides that an agreement under the high  
6 quality jobs program must include the repayment of incentives  
7 or assistance by a business if a business does not meet  
8 the requirements in statute or the agreement. The division  
9 provides that the repayment of incentives, in this context, is  
10 a tax payment due and payable to the department of revenue by  
11 a taxpayer, and the taxpayer's failure to make the repayment  
12 may be treated by the department of revenue in the same manner  
13 as a failure to pay the tax shown or required to be shown  
14 due when filing a return or deposit form. The division also  
15 authorizes the county to recover property taxes exempted under  
16 the agreement.

17 Division II of the bill eliminates the community  
18 microenterprise development organization grant program.

19 Division III of the bill eliminates the broadband access  
20 governing board created in 2009 Iowa Acts. The governing  
21 board was tasked with establishing a comprehensive plan for  
22 the deployment and sustainability of high-speed broadband  
23 access in areas capable of timely implementation of the  
24 access, establishing a competitive process for the disbursement  
25 of funds for such deployment and sustainability, making  
26 recommendations to the general assembly, and establishing and  
27 maintaining separate accounts for the use of certain proceeds.

28 Division IV of the bill relates to the economic development  
29 authority's approval of industrial property tax exemptions.  
30 The division eliminates the requirement that the economic  
31 development authority recommend prior approval of industrial  
32 property tax exemptions by local governments.